

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 03 TEGUCIGALPA 000364

SIPDIS

SENSITIVE

STATE FOR WHA/EPSC, WHA/PPC, AND WHA/CEN
STATE FOR DRL/IL, OES, AND EB/TPP/BTA/EWH
STATE PASS USTR
STATE PASS AID FOR LAC/CAM
DOL FOR ILAB

E.O. 12958: N/A

TAGS: [ETRD](#) [ELAB](#) [PGOV](#) [EAGR](#) [SENV](#) [HO](#)

SUBJECT: HONDURAN LABOR LEADERS' OPPOSITION TO CAFTA: MORE
IDEOLOGICAL THAN INFORMED

11. (U) Summary: In a February 9 meeting with EmbOffs and WHA/PPC Labor Advisor, leaders of Honduras' three major labor confederations explained the reasons for their opposition to CAFTA. Their complaints were wide-ranging, including insufficient protection for labor rights in the agreement, "fines" to be charged against the government but not against businesses which violate labor laws, and the loss of sovereignty implied by signing an agreement which will be "above the Honduran constitution." They also complained that the GOH did not adequately consult with labor leaders while the agreement was being negotiated. However, it was clear from the conversation that none of the three union leaders had in fact read the labor chapter of CAFTA, and they had several major misperceptions as to CAFTA's contents, procedures for ratification, and probable impact. End summary.

12. (U) On February 9, LabAtt, EconOff, and visiting WHA/PPC Labor Advisor met with the leaders of the three major Honduran labor confederations to discuss labor's views of CAFTA. The labor union leaders were Israel Salinas of the CUTH (United Confederation of Honduran Workers), Altagracia Fuentes of the CTH (Confederation of Honduran Workers), and Daniel Duron of the CGT (General Workers Confederation). The CUTH and the CTH are affiliated with the ICFTU (as is the AFL/CIO); the CGT is affiliated with the WCL. Together, these three confederations comprise all of the major labor unions in Honduras.

Labor's Case Against CAFTA: A Long and Varied List

13. (U) Salinas of the CUTH began the discussion by saying that CAFTA threatens the conditions of workers in Honduras. He said that CAFTA does not guarantee the right of workers to organize, or if so, it does so only "superficially." Regarding the monetary assessments established by the dispute-settlement mechanism (referred to by the Hondurans throughout the conversation as "fines"), Salinas complained that, in case of a violation of Honduran labor law, these fines would be levied against the government, but not against the company that was actually guilty of the violation. Duron of the CGT echoed this point, saying that a fine imposed on the government is essentially a fine against "the people," while the company would go unpunished. (In the past, Salinas has also complained that the fines are "economically insignificant" and would not deter companies that actively impede union organizing.)

14. (U) Salinas also listed many other arguments against CAFTA that were not directly related to labor issues. He expressed fears that Honduran farmers would not be able to compete with subsidized agricultural products from the United States. Regarding environmental issues, Salinas complained that nothing in the agreement restricts the use of genetically-modified crops or toxic agricultural chemicals, and that the agreement contains no guarantees of air or water quality. Finally, Salinas expressed the view that CAFTA would represent a loss of Honduran sovereignty, since CAFTA would be "above the constitution," would prevent Honduras from passing any law which is counter to the terms of the agreement, and would establish "external tribunals" with the power to assess fines.

15. (U) Duron of the CGT also had a list of arguments against the agreement, though again most of his arguments were not related to labor in particular. Referring to a document that he said he received at a recent conference in Costa Rica, Duron argued that CAFTA will lead to patent protection of certain medicines for which generic versions are now available, which will lead to an increase in the price of these medicines for Hondurans. He stated that the Central American economies are too small to benefit from an agreement with an economy as large as that of the U.S. He denounced the "failed neo-liberal economic

model" that CAFTA represents, and said that while NAFTA was intended to stem illegal immigration from Mexico to the United States, such immigration has in fact continued and increased under NAFTA.

16. (SBU) Duron also argued that the benefits of a free market economy and increased "openness" have been promised to Hondurans before, yet in the end the rich and powerful have been the only ones to benefit. He gave the example of the privatization of the cement industry in the 1990s: a state-owned industry was rapidly transformed into a duopoly in which the two companies (both owned by rich Hondurans) work together to keep prices high. (Comment: On this particular point, Duron is absolutely right. A poor investment climate which discourages investment and stifles competition, and a weak legal environment which allows unfair business practices to go unpunished, do indeed mean that market conditions in Honduras are far from perfect. As a result, ordinary Hondurans have not always benefited from moves to a more open economy. However, investor protection measures within CAFTA aim to address these very problems. End comment.)

Our laws are good, but not always enforced

17. (U) Referring to the 2003 ILO study which found that Central American countries' labor laws were largely, though not entirely, in compliance with international core labor standards, WHA/PPC Labor Advisor asked the union leaders for their opinion of the quality of Honduras' current labor legislation. All three replied that they are quite satisfied with Honduran labor law, with Fuentes calling it the best in the region, but stated that violations of those laws take place regularly.

We were not consulted (but we haven't read it, either)

18. (U) WHA/PPC Labor Advisor also asked the labor union leaders how much they had participated in the negotiation of the agreement. Salinas and Duron replied that they had hardly been involved at all, and that this was another major complaint that they had about the process. (Note: Fuentes only assumed the leadership of the CTH in late 2004, when the CAFTA negotiations had already concluded, after the temporary resolution of a long-running internal CTH dispute. End note.) Duron stated that during 2003, the GOH only consulted with labor leaders to inform them of how the negotiations were proceeding, but not to seek their active participation or input. He complained that union leaders were allowed to view the draft texts, but not make copies. He also complained that the GOH chose its labor negotiator (Jorge Ponce, a former labor lawyer/consultant) without any consultation with labor unions.

19. (SBU) The labor leaders also complained that the texts of the agreement were being kept a secret, so they couldn't know what the agreement actually said. LabAtt quickly interjected to correct this point, clarifying that while the texts were not distributed to the public during the negotiations, they have been publicly available now for more than a year. The labor leaders copied down with great interest the address for the Honduran Trade Ministry's website where the text is available, and Fuentes asked if we were certain that the text is available in Spanish. (It is.) They then expressed concern that, at 1800 pages, the agreement was far too long to read. EmbOffs clarified while the entire text is indeed very long, most of that length is annexes of tariff tables - the labor chapter itself is only 11 pages. (Comment: It was clear that none of the three labor leaders had in fact read the labor chapter, or any part of the agreement. This is a telling commentary both on the extent to which Honduras' labor leaders have failed to educate themselves about the agreement, and on the failure of the Ministry of Trade, despite all its efforts to explain the benefits of CAFTA to the Honduran people, to reach out to this particular audience. End comment.)

110. (U) Some of questions that the union leaders posed to EmbOffs also revealed a lack of familiarity with the agreement. Duron asked if it was true that, while the Central American countries can simply vote yes or no on the agreement, the U.S. Congress has the right to make modifications before voting. (EmbOffs assured him that this was not the case.) Duron also asked if the AFL-CIO was opposed to CAFTA, and if so, what its reasons were.

111. (U) Notably, Duron declared that "we do want a treaty," but just not this one as negotiated, and suggested that if Honduras were allowed to make (unspecified) revisions to the agreement, the labor unions might be persuaded to support it.

12. (SBU) Comment: The discussion revealed that the labor union leaders' position on CAFTA is a grab bag of diverse arguments that they have collected from various sources, not the product of an analysis of, or even basic familiarity with, the actual substance of the agreement. Some of their criticisms revealed their ignorance of the agreement itself -- for example, that the text of the agreement is a secret, or that the agreement does not protect the right of workers to organize. Other criticisms revealed their ignorance of the nature of trade agreements more generally -- for example, Salinas' complaint that the agreement contains no standards for air or water quality. And other criticisms seemed to be essentially ideological (rejection of the "failed neo-liberal economic model") rather than practical, or were not related to CAFTA at all.

13. (SBU) Comment continued: As Minister of Labor German Leitzelar has repeatedly said to labor audiences, problems with the effective protection of labor rights will remain if CAFTA is not ratified. In the final analysis, the labor union leaders did not present a single convincing argument why CAFTA will reduce, rather than enhance, the protection of workers' rights in Honduras. However, by conveying various vaguely-formed fears about the agreement, and betraying a lack of familiarity with its actual contents, the union leaders were probably providing a very accurate representation of their constituents. The Honduran general public still understands very little about CAFTA, and in a country where the poor and powerless have no historical reason to trust the rich and powerful, the saying "people fear what they do not understand" is very true. End comment.

Pierce